



2009 SENATE BILL 320

September 30, 2009 - Introduced by Senator WIRCH, cosponsored by Representative HUBLER. Referred to Joint Survey Committee on Retirement Systems.

- 1 **AN ACT to amend** 40.04 (7) (a) (intro.) of the statutes; **relating to:** participation
2 in variable annuity program under the Wisconsin Retirement System.

Analysis by the Legislative Reference Bureau

Under current law, participating employees in the Wisconsin Retirement System (WRS) may allocate 50 percent of their employee required and additional contributions to the variable retirement investment trust of the public employee trust fund and the remainder to the core retirement investment trust of the public employee trust fund. By law, assets in the variable retirement investment trust are invested almost entirely in equities, while the assets in the core retirement investment trust must be diversified with about 55 percent of the assets currently invested in equities. Participating employees in the WRS are not required to allocate any of their employee required and additional contributions to the variable retirement investment trust and may instead allocate all of these contributions to the core retirement investment trust. This bill limits participation in the variable annuity program to those WRS participants who elected to participate in the variable annuity program before January 1, 2011. As a result, the variable annuity program will be closed to new participants beginning on that date.

Because this bill relates to public employee retirement or pensions, it may be referred to the Joint Survey Committee on Retirement Systems for a report to be printed as an appendix to the bill.

SENATE BILL 320

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 40.04 (7) (a) (intro.) of the statutes is amended to read:

2 40.04 (7) (a) (intro.) As otherwise elected by a participant prior to April 30,
3 1980, or on or after January 1, 2001, but before the effective date of this paragraph
4 ... [LRB inserts date]. Any participant who was a participant prior to April 30, 1980,
5 and whose accounts on January 1, 1982, include credits segregated for a variable
6 annuity shall have his or her required and additional contributions made on or after
7 January 1, 1982, credited to the variable annuity division in a manner consistent
8 with the participant's election prior to April 30, 1980, unless prior to January 1, 1982,
9 the participant terminated such election under s. 40.85, 1979 stats. Any participant
10 who elects or has elected to have any of his or her credits segregated for a variable
11 annuity on or after January 1, 2001, but before the effective date of this paragraph
12 ... [LRB inserts date], shall have 50 percent of his or her required and additional
13 contributions made on or after the date of election credited to the variable annuity
14 division. The department shall by rule provide that any participant who elects or has
15 elected variable participation prior to April 30, 1980, or on or after January 1, 2001,
16 but before the effective date of this paragraph ... [LRB inserts date], may elect to
17 cancel that variable participation as to future contributions. The department's rules
18 shall permit a participant who elects or has elected to cancel variable participation
19 as to future contributions, or an annuitant, to elect to transfer previous variable
20 contribution accumulations to the core annuity division. A transfer of variable
21 contribution accumulations under this paragraph shall result in the participant

SENATE BILL 320

1 receiving the accrued gain or loss from the participant's variable participation. A
2 participant may specify that election to cancel participation in the variable annuity
3 division is conditional. If the participant so specifies the election is effective on the
4 first date on which it may take effect on which the participant:

5 **SECTION 2. Effective date.**

6 (1) This act takes effect on January 1, 2011.

7 (END)